

ON-SITE SYSTEMS, INC.

7638 River Road Pike

Nashville, TN 37209

Office: (615) 356-7294

Fax: (615) 356-7295

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REGULATORY AUTH.

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OFFICE OF THE
EXECUTIVE SECRETARY

May 24, 2001

Mr. David Waddell
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

RE: Docket # 00-01128 – Petition of On-Site Systems, Inc., to amend its Certificate
Of Convenience and Necessity – City of Coopertown

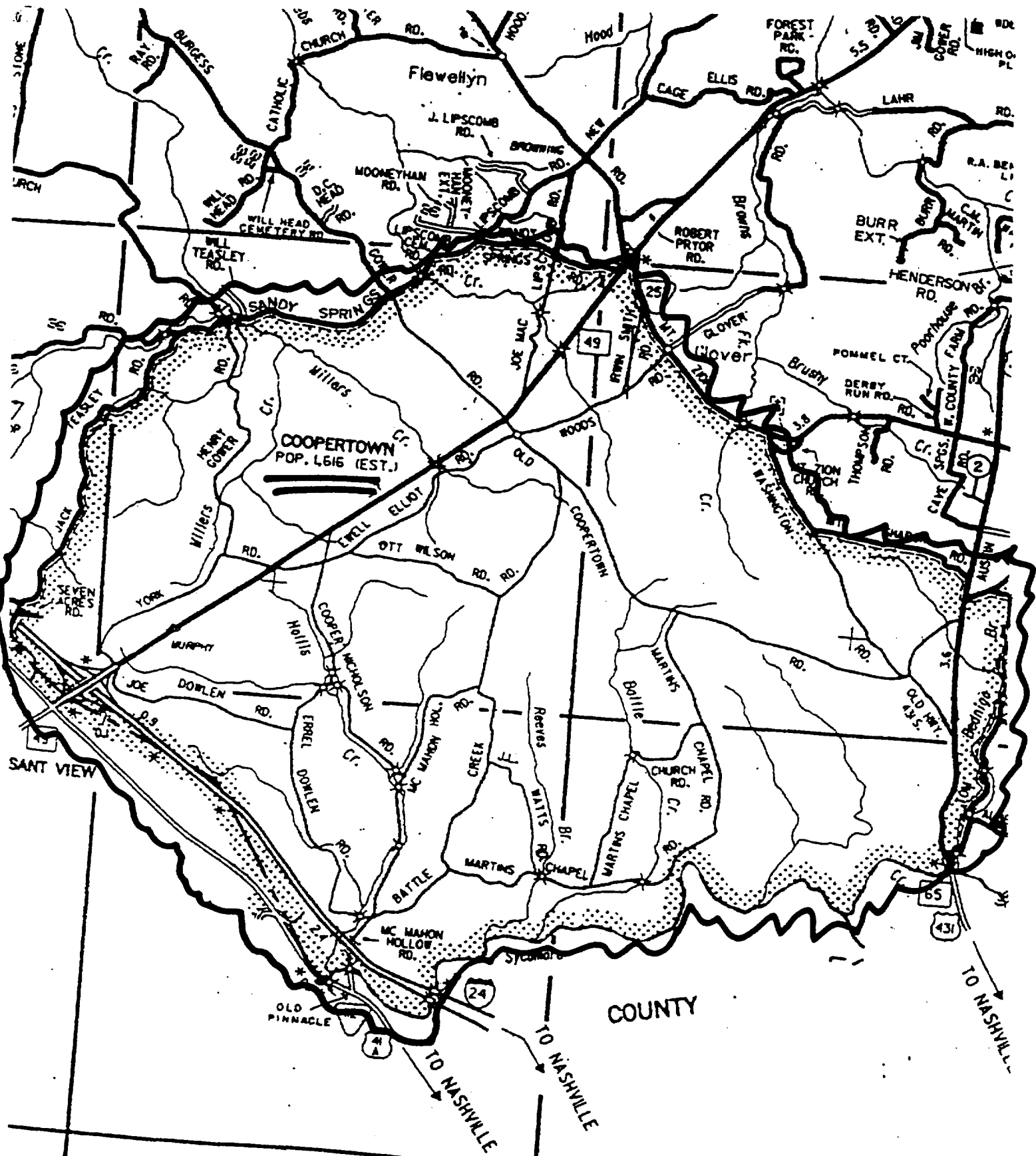
Dear Mr. Waddell:

The enclosed documents are in response to the data request to clarify issued presented by the Authority Staff during the hearing held on May 15, 2001. Should you need anything further or if I can be of any assistance, please do not hesitate to contact me.

Sincerely,



Charles Pickney
President



MAP-CITY OF COOPER TOWN

**Town of Coopertown
2525 Burgess Gower Road
Springfield, Tennessee 37172**
Phone: (615)382-4470 Fax: (615)382-4439

May 22, 2001

Sara Kyle, Chairman
Lynn Greer, Director
Melvin Malone, Director
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Dear Ms. Kyle:

In response to your letter to Mr. Charles Pickney of On-Site Systems, dated May 17, 2001, I will attempt to clarify the issues you raised.

I have enclosed a projected income calculation for the next five years, based on what the town might expect the sewer company to provide. I have also enclosed a copy of the proposed modification to the franchise agreement in which we are requesting a three percent (3%) franchise fee.

Some of the direct costs associated with the sewer system are the administrative costs to draw up the ordinance, and the cost to verify the information provided by the sewer company. There are advertising costs to publish hearings on zoning amendments. The town has also provided a place for town meetings to inform the people about the impact of the sewer on the local community. Other direct costs include the attorney's fees to protect the interests of the town in the franchise agreement, and to insure that the franchise agreement is properly executed.

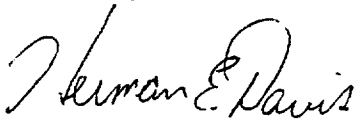
The town will also incur costs to provide right of way information to the sewer company for the purpose of laying pipe. This will be an ongoing cost which will continue throughout the life of the franchise, and which will vary dependent on the number of customers who receive service. Another cost,

which will continue throughout the life of the franchise agreement, is the cost to deal with the sewer company. There will be continuing costs to verify the information provided by the sewer company to the town, and to provide information to the sewer company from the town.

No other entity currently holds a franchise from the Town of Coopertown to provide wastewater treatment.

If you have any questions, please do not hesitate to call me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Herman E. Davis".

Herman E. Davis
Mayor

Enclosures

Town of Coopertown
Projected Revenue
from Sewer Franchise

YEAR	Residential Customers	Commercial Customers	Industrial Customers	Projected Sewer Dollars	Projected Town Revenue (@3%)
2001	0	0	0	\$0.00	\$0.00
2002	30	3	0	\$13,866.20	\$415.99
2003	70	4	2	\$32,157.80	\$964.73
2004	150	6	3	\$68,241.00	\$2,047.23
2005	210	8	4	\$95,433.40	\$2,863.00
2006	300	11	5	\$136,112.00	\$4,083.36

\$10,374.31

YEAR	Administrative Costs	Legal Costs	Projected Town Costs
2001	\$4,800.00	\$2,000.00	\$6,800.00
2002	\$1,200.00	\$500.00	\$1,700.00
2003	\$720.00	\$400.00	\$1,120.00
2004	\$480.00	\$200.00	\$680.00
2005	\$240.00	\$100.00	\$340.00
2006	\$240.00	\$100.00	\$340.00

\$10,980.00

Administrative costs billed at \$12 per hour

ORDINANCE NUMBER 01-12

AN ORDINANCE TO AMEND ORDINANCE 00-13 and Ordinance 01-01 which established a franchise agreement with On-Site Systems, Inc. for the purpose of providing a system for the proper treatment, movement and disposal of sewage for THE TOWN OF COOPERTOWN.

WHEREAS, it is necessary to establish a franchise fee for the Town of Coopertown;

NOW THEREFORE BE IT ORDAINED that Section 3 of the above mentioned Ordinance be rescinded in its entirety and be replaced by:

Section 3. BE IT FURTHER ORDAINED, that this franchise shall be for a term of twenty-five (25) years from the date of acceptance and shall be an exclusive grant of said rights and privileges as herein granted to the Grantee, its successors and assigns.

- A. BE IT FURTHER ORDAINED that On-Site Systems, Inc. shall pay to the Town of Coopertown a franchise fee for all paying customers at a rate of three percent (3%), upon approval by the Tennessee Regulatory Authority.
- B. These franchise fees shall be renewable every five years for the entire term of the franchise. These fees shall remain in effect until June 30, 2006, at which time they may be modified, based on mutual agreement between the Town of Coopertown, On Site Systems, Inc., and the Tennessee Regulatory Authority. However, if they are not modified, they should continue in effect at the current rate throughout the remainder of the franchise, or until they are modified within the terms of the franchise agreement.

BE IT FURTHER ORDAINED, that this ordinance shall take effect upon passage of second reading, the public welfare requiring it.

Passed 1st reading _____

Passed 2nd reading _____

ATTEST:

Herman E. Davis, Mayor

Elsa Spiller, City Recorder